

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EA-11 ADP-00 EB-11 AID-20 IO-12 FSE-00 PER-05

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

UNCLAS STATE 055664

E. O. 11652 N. A.

TAGS: EAID, EFIN, APER

SUBJECT: RETIREMENT COST- OF- LIVING INCREASE

MANILA FOR USADB

1. INFORMATION RECEIVED INDICATES THAT JUNE 30 AND NOT APRIL 30 IS TERMINATION DATE TO BENEFIT FROM COST OF LIVING INCREASE. FOLLOWING IS ANNOUNCEMENT ON SUBJECT FROM CLINTON SMITH, EXECUTIVE VICE CHAIRMAN, INTERAGENCY ADVISORY GROUP, U. S. CIVIL SERVICE COMMISSION. QUOTE:

THE INCREASE IN THE CONSUMER PRICE INDEX ANNOUNCED FOR FEBRUARY COULD TRIGGER A COST- OF- LIVING INCREASE FOR 1.2 MILLION RETIRED FEDERAL EMPLOYEES AND SURVIVOR ANNUITANTS. THE FEBRUARY CPI FIGURE OF 128.6 REPRESENTS A 3.5 PERCENT INCREASE OVER THE BASE FIGURE SET LAST APRIL.

IF THE MARCH AND APRIL CPI FIGURES REMAIN 3 PERCENT OR MORE HIGHER THAN THE BASE FIGURE, ANNUITANTS WILL GET AN AUTOMATIC INCREASE AS OF JULY 1, 1973, WHICH WILL BE REFLECTED IN AUGUST 1 CHECKS. (TO BE ELIGIBLE FOR THE INCREASE AN EMPLOYEE MUST BE SEPARATED OR IN NON- PAY STATUS

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BY MIDNIGHT JUNE 30.

THE EXACT AMOUNT OF SUCH AN INCREASE CANNOT BE DETERMINED AT THIS TIME, BUT IT WILL BE EQUAL TO THE HIGHEST PERCENTAGE OVER THE BASE FIGURE REACHED IN FEBRUARY, MARCH, OR APRIL, PLUS 1 PERCENT ADD- ON REQUIRED BY LAW.

A 4.8 PERCENT COST- OF- LIVING INCREASE FOR FEDERAL ANNUITANTS WENT INTO EFFECT IN JULY 1972.

UNDER PRESENT LAW, FEDERAL EMPLOYEES MUST RETIRE BEFORE THE EFFECTIVE DATE OF A CPI INCREASE IN ORDER TO BENEFIT FROM IT. THE CIVIL SERVICE COMMISSION HAS A REQUEST BEFORE CONGRESS WHICH WOULD INSURE THAT ANNUITATES OF EMPLOYEES WHO SERVE BEYOND THE EFFECTIVE DATE OF A CPI INCREASE WOULD NOT BE LESS THAN THE ANNUITY THEY WOULD RECEIVE IF THEY HAD RETIRED THE DAY BEFORE THE EFFECTIVE DATE. OBJECTIVES OF THE LEGISLATIVE PROPOSAL ARE TO AVOID PENALIZING EMPLOYEES WHO STAY ON TO COMPLETE NEEDED PROJECTS, TO HELP AGENCIES AVOID LOSING MANY EXPERIENCED PEOPLE AT ONE TIME, AND TO SPREAD THE WORKLOAD OF PROCESSING RETIREMENT CLAIMS THAT RESULT FROM THE TYPICALLY HIGH BULGE IN RETIREMENT REQUESTS.

FPM INSTRUCTIONS WILL BE AVAILABLE IN THE NEXT FEW DAYS.
UNQUOTE ROGERS

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To: MANILA
MANILA
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